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ABSTRACT

Business policy texts identify numerous steps that make up the policy implementation process for private firms. On the surface, these steps also appear applicable to the implementation of public policies. However, the problems of carrying out these implementing steps in the public sector are significantly different than in the private sector due to differences in institutional environments and the motivation of participants. Reasons for difficulty include constraints of civil service rules, poor definition of relevant "technologies," difficulties in monitoring outputs, the possible need to coordinate activities of many agencies, and influences of the political environment. In order to understand the nature of policy implementation in the public sector, it is useful to focus on (1) central missions of the organizations involved, (2) technical properties of the policy or program areas, (3) degree of consensus on action, (4) possibilities and limitations of external controls, (5) structure and relations of the organizations involved and their interaction with the environment, and (6) incentives of individuals in the involved organizations. These implementation factors are important not so much for predicting the outcome of policy decisions, but for designing and managing effective policies and programs. (Author/JG)

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April, 1976

Some Key Factors in Policy Implementation

Henry Rowen

A standard treatment on the implementation of policy* identifies 12 aspects or steps to be carried out:

1. Identify key tasks and kinds of decisions.
2. Determine division of labor and hierarchical allocation of authority.
3. Establish formal coordination structure.
4. Design and install information systems.
5. Establish sequence of actions and schedules; for short term establish budgets and standards.
6. Evaluate actual organizational performance in relation to budgeted levels and standards in order to test achievement, budgeting process and adequacy of standards.
7. Recruit and assign people.
8. Evaluate individual performance in relation to desired pattern of behavior.
9. Establish appropriate incentives--both financial and non-financial.
10. Establish system of constraints, controls and penalties, both formal and informal.
11. Provide for continuing development of skills.
12. Provide dynamic personal leadership.

These precepts are from a text on business policy and are derived from experience with firms. On the face of it, they appear applicable to the implementation of public policies. It is not obvious that any of these steps should be omitted. However, the problems of carrying out many of these implementing steps are significantly different than those in the private sector because

*From Learned, Christiansen, et al, Business Policy. Text and Cases.

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of differences in institutional environments and therefore in motivation of participants. (Indeed, many of these steps are often difficult to apply within large firms for similar reasons.)

Examining this list readily suggests how difficult it might be in a governmental setting to carry out a policy. Reasons for difficulty include constraints of civil service rules, poor definition of the relevant "technologies," difficulties in monitoring outputs, the possible need to coordinate the activities of many agencies, and the openness to the political environment of some agencies. Therefore, one cannot be confident of the outcome of a high level policy decision unless it is a routine action which fits into established agency goals and procedures. For other types of policies, ensuring that a new policy will have even a modest probability of success is no trivial task. Consider as example, three of the listed steps.

Step 2 says, "Determine division of labor and hierarchical allocation of authority." How is this to be done for decisions that involve several levels of government, formally independent and in practice at least semi-autonomous? Whatever authority and activity structure actually emerges will, in all probability, be the result of a diffuse bargaining process, not a top-down command process.

Step 6 says, "Evaluate actual organizational performance in relation to budgeted levels and standards in order to test achievement, budgeting process and adequacy of standard." It is by now a truism that the outputs of many government programs can hardly be defined, much less carefully measured. There may be even greater difficulties in assessing the production process employed to produce these outputs. This problem can be overstated; there are many government programs where the problem is a difficult one, but not necessarily hopeless. To cite an easy example, the outputs of the Federal Aviation Agency's

air traffic control operation are easy to monitor. And so are the check mailing operations of the Social Security Administration. Assessing their efficiency is, however, likely to be a good deal more difficult.

Finally, Step 9 says, "Establish appropriate incentives--both financial and non-financial." One of the most important incentives in any organization is the prospect of career advancement. In many government agencies the promotion system has certain characteristics that insulate it from feedback from the "political" levels. This had its origins in the laudable intent to protect civil servants from the spoils system in which corrupt politicians would appoint their cronies to good jobs. Yet the protection of the holders of these jobs also "protects" them from what might be regarded as legitimate direction from high policy levels.

In order to understand more fully the nature of implementation problems in the public sector, it is useful to focus on certain factors that appear to be of key importance:

a. the central missions of the organizations involved.

b. the technical properties of the policy or program areas.

c. the degree of consensus on action.

d. the possibilities and limitation of external controls

e. the structure and relations of the organizations involved and their interaction with the environment

f. the incentives of individuals in these organizations.

Each of these factors will be discussed in turn.

The role of central missions

Public agencies, or major components of them, usually have central or dominant missions that differentiate them from other agencies. These may be 1) the production of a collective good for the community (e.g., preventing the spread of communicable diseases), 2) the exercise of special technologies or

skills (e.g., putting men in space), or 3) the serving of a particular interest group (e.g., cotton farmers) or combinations of such properties may make up the central mission (e.g., the conduct of long range air warfare using the technology of manned aircraft). These central missions may be protected by legal monopolies as in the case of the Post Office's monopoly of first class mail or at least have advantageous access to the public fisc.

The concept of central missions is of great importance because the protection and advancement of these missions motivates much of the behavior of the members of the organization. Personal interests are very likely to be aligned with them. People who do not contribute to or are not in sympathy with them will not be attracted to the agency or will be excluded. New opportunities and problems will be interpreted and reacted to in light of perceived implications for these missions.

It is easy to understand why this should be so. Organizational survival requires differentiation from other organizations and differentiation creates both economic and psychological rewards. Moreover, there is an individual and group need for stability. Stabilization is usually perceived as being based on the distinct missions.

A practical implication is that it is important for policy formulators to identify and analyze carefully the central missions of the organizations that will be involved in carrying out the planned policies. Such analysis may reveal that there is an incompatibility between the required behavior and the behavior to be expected / from the particular agency. Such an incompatibility calls for a change in the proposed policy, a change in the organizations involved in the implementation process, or an interaction between the proposed policies and the implementation process to produce a realignment of some combination of the policies and the agency operational behavior. Since basic changes in the latter are unlikely, it is usually the policies that have to change. Policies which are orthogonal to the

central mission may be "accepted" by the agency members but will not be supported vigorously--and will not be supported at all unless extra funds and technology are provided.

If the proposed policy still appears to the proposed implementors to run counter to central mssions after examination of possible modificatio , there are three possibilities for policy formulation: 1) give up; 2) try to enforce a top-down change; 3) set up a new implementing organization. Prudence will often suggest doing 1); 2) and 3) are unlikely to succeed except in unusual circumstances.

The technical properties of the subject area

Several such properties are of importance. One is the level of understanding that exists at the time authoritative policy decisions are made of the technical feasibility of the ends sought. It can vary widely. It tends to be relatively high for operations with well defined physical properties such as the marketing of timber from Forest Service land or the delivery of mail; it is low in basic research or in many social programs intended to produce behavioral changes. Here we need to refer again to the distinction made earlier between the monitorability of outputs and the understanding of production processes. The former is an important variable with respect to the ability of people inside and outside of the agency, and especially the latter, to assess the effectiveness of the agency in relation to the policy in question. The latter, understanding of production processes, is necessary if the efficiency with which the policy is carried out is to be understood. Here, as Stockfisch points out, the agency has an advantage through its possession of superior information together with an incentive to conceal true information and to supply misinformation.

Another property of importance is the time scale over which operations are to be carried out; the longer the time required for results to become evident, the greater the difficulty of successful implementation. Still another technological

factor is the inherent complexity of the institutional structure imposed by the policy decision; the more organizations that are involved or the more complex the operations, the greater the difficulties.

Possibly the only example of an easily implemented decision for a policy maker is a decision to make a speech. Almost everything else a policy maker does is more difficult.

The degree of consensus on action

Many of the actors in the policy arena have different objectives. This being so, it may be wondered how agreement on action occurs. However, agreement on ends is not necessary for action; agreement is needed on only the next step and often a coalition can be put together, perhaps only temporarily, on this step. The basis for a coalition is frequently the possibility of more money. Around this goal can coalesce many purposes, perhaps basically divergent, but tactically allied. Such a situation is a positive sum game; all can gain.

When looked at closely it is often true not only that different actors in the implementation process have different objectives but that they do not have much of an incentive to adjust their behavior in order to coordinate efforts towards common goals--beyond the minimal one suggested of obtaining more money. For instance, incentives for cooperation are weak if the central missions of the organizations involved are not advanced. Indeed, the members of an organiation may prefer to choose a more limited goal, sub-optimal from the perspective of the community, in order to avoid the costs that are involved in wider cooperation.

The need for consensus if sub-optimal behavior is to be avoided, suggests the power of "bottom up" vs. "top down" initiatives. But bottom-up initiatives rarely occur through the spontaneous independent convergence of many independent

actors on a new course of action. Apparent initiatives of this kind are more likely to result from the activities of "entrepreneurs" who may be located at any of several places in the system--not excluding the top--but not likely at the lowest levels of agencies, who inform, persuade, proselytize, coopt and perhaps ultimately succeed in creating a "movement." Clearly doing this takes perception, energy, talent, motivation, and at least a modest amount of money--ingredients not often found in combination.

Possibilities and limitations of external controls

This important factor will be treated at greater length here than the others. The control of an activity entails certain requirements: 1) Key production variables must be subject to manipulation. 2) There must be information feedback from the manipulating of these variables. 3) The information must be measurably accurate. In a firm, the financial accounting system provides a principal means of control. This system is used for the allocation of resources, for the definition of organizational goals, for motivating members of the organization, for recording actions taken, and for monitoring performance.

One cannot, in general, obtain the kind of feedback on performance which is crucial to control in the public agency that is possible in the firm. The firm obtains vital information on performance through more or less current data on sales and profits; this is not possible in most public agencies because their outputs are not sold. There are no gross revenues and no profits. The absence of this crucial element is fundamental and it is at the heart of why there is an "implementation problem."

Control requires information. Several questions are of interest: What is it to be used for? How hard is it to get it? Who has an incentive to seek it? Who has an incentive to provide it reliably?

The minimum informational need is to have a financial control system that assures that public moneys have not been stolen or flagrantly misused. Beyond this minimum, information might be sought for purposes of determining the impact, efficiency or equity of a policy or program. This can require gathering information at any of the four stages of a production process as shown in this diagram:

Inputs -------> Processes --------> Outputs -------> Outcomes.

In general, the easiest stage to measure is the first, input stage. It is here where conventional financial accounting data applies. However, information, usually on physical parameters, can sometimes, often with difficulty, be obtained on the later stages.

The difficulty of getting information on later stages may be "technological"; no one may be able to tell with confidence what the impact of program outputs is on social outcomes. Information is more likely to be readily obtainable on the gross output of a technical program whose performance is highly visible to the public, as for example, a successful Apollo trip to the moon. More troublesome and possibly more typical--are activities in which it is difficult to determine exactly what is being produced. A familiar example is measuring educational performance. There may be no way of measuring outcomes or outputs of such programs. In between are programs where it is possible, with effort, to collect information. However, the gathering and interpretation of data may require the use of professionals. Physicians, for example, may be the only ones able to assess the performance of a particular health program; or engineers for certain technical programs. But when professionals are involved in such control activities, one needs to know what their organizational interests and policy predispositions are. They may not be entirely neutral.

Unfortunately, there is an incentive for the members of the agency to provide biased information to those outside of it if by so doing their interest can be fostered.

One should not assume that information will necessarily be sought by those who arguably have a "need to know" because of the costs of acquiring it. For example, those served by a program have a stake in its performance; they potentially have the ability to affect it, but control for them may be very costly. Consider parents of school children. If parents get organized, they can exert a great deal of influence over school systems. But for individual parents to come together, reach agreement on a course of action and to carry out a campaign to exercise control is costly in time. Moreover, other groups which have a large and continuing stake stake are already organized, e.g., teachers.

Moreover, policy makers often have little incentive on balance. 1) They are often interested principally in the distribution of resources to certain regions or groups. (The control requirements to assure this are minimal.) 2) The legislator as policy maker may be interested in the policy largely for cosmetic reasons. He may want to receive credit for having made a speech about it, introduced legislation, voted for it, but have no further interest. 3) Because outputs of a program may take place after long delays, an activity that occurs after the next election may be heavily discounted. 4) Attempting to control a program may carry with it some obligation for the outcome. If there is a significant risk of failure, the policy maker may feel it is prudent not to be closely associated with it. 5) Control may be "illegitimate." This has been the view of state and local educational authorities with respect to the federal government's role in education, a view which has been widely shared in the Congress.

The most important form of control is self-control; that is, a situation in which members of the organization are so imbued with the values of the organization, its style of operation and its procedures that they willingly behave in accordance with these values and practices. The employees know how to behave. With new employees, developing this sense of shared values and appropriate behavior is one of the most important training functions that takes place in the organization. Some organizations practice it formally, others less so. But virtually all organizations adopt some such process. Indeed, some such process is inescapable because group norms exist and new members must conform or not win acceptance by their peers. One question is, are the norms that exist within sub-groups of an organization shaped to its central missions or not? For example, union practices may be strongly at variance with those of other interest groups such as stockholders. A case in point is the behavior of some unions in Great Britain. The interests of the workers are seen largely in opposition to the interests of management and stockholders. At the other extreme, there is the case of Japan where, in most cases, the interests of workers are identified with the interests of the management and stockholders; lifetime employment and a paternalistic attitude on the part of management results in workers reciprocating by providing a high degree of identification with the goals of the organization.

This raises the question of legitimate authority. To whom is an individual responsible? To his superiors in the hierarchy? To the agency people whom he serves if he is in a service organization? To the mayor, or the governor, or the president, or the members of the legislature--the elected representatives of the people who have oversight and policy making responsibilities for his organization? Or directly to the public? Or to to his own conscience? In general, the answer is, all of the above -- but not equally. For example, can

it be held that a teacher's principal responsibility is to his immediate superior in the hierarchical structure. Most people would argue that their responsibility is not primarily to the principal of the school or to the school board but for them to exercise their professional skills in the interests of the children whom they are teaching. For the physician, medical norms require that his principal responsibility be to his pateients; for the scientist, to the norms of science.*

This suggests another control mechanism: professional standards. Earlier the observation was made that the control of outputs was desirable if implementation is to be facilitated, but that it is often not feasible. "Standards" might be applied at any of the first three stages of the policy process of the diagram above. However, professional standards refer to certain inputs and processes; they are especially important where outputs are difficult to monitor. However, professional standards can and are directed at objectives other than the proper ends of public policy. The exercise of monopoly power to reduce competition and increase wages is often advanced in the form of professional standards.

The question of legitimate authority often comes up in relation to elected high officials. We see this most clearly when an elected official attempts to direct an agency. For example, when the President tries to control what goes on, say in the Bureau of Land Management. The executive's preferences may be at variance with those of the head of the agency and with the values of its members. To whom are the members of the agency responsible in such a situation? They owe some responsibility to the executive but they also have statutory responsibility

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*We know that things are not so simple. Some scientists work on behalf of a project such as the SST and others work against it. Presumably the same scientific norms and much of the same data are available to those on both sides. Other factors are at work, different values and different organizational interests.

to carry out certain missions. Even where there is no conflict between what the executive wants and what the agency is permitted to do, there may be a substantial conflict in terms of operating procedures and perceptions. Moreover, the agency will certainly look to another source than the executive for authority, the legislature. Where conflicts such as these occur, and they are common, the problem is not merely a technical one of organizational control, but involves a much deeper one of the structure of the political system. Inevitably, persuasion and exchange are necessary in order for our system to function. It is this perception that led C.E. Lindblom to emphasis the role of bargaining in government, of partisanship and mutual adjustment. The analogy here is of a political market akin to the economic market. This is quite different from the conventional notion of hierarchical control where this discussion began.

The costs in efficiency can be large, however, in a system that necessarily operates largely in a bargaining mode. If each agency is in a position to act with a high degree of autonomy, then there is at least a question of how strong incentives are for coordinating efforts to certain ends. The political market may have high information and transaction costs. For example, the Congress is organized by committees with separate jurisdictions which find it difficult to coordinate towards ends which cut across jurisdictions. Even if they succeed in doing this and in gaining cooperation from federal agencies, where local governments are involved in implementation, the local agencies may not be persuaded or effectively bribed. The bargaining coin generally used by the legislature is, of course, money. But, for the reasons outlined above, the incentive to use the power of the purse to ensure the effective, efficient and equitable implementation of policies is often weak.

In sum, if one interprets control broadly, as one should, then the array of possible means or instruments of control is very large. It is certainly not limited to the use of formal authority by superiors to direct the behavior of subordinates. It includes indirect means of manipulation, the use of various rewards and sanctions, exchange relationships, the use of third parties, and indoctrination.

Clearly, one needs to consider the problem of control in a gaming context. Eugene Bardach suggests several strategies: for example, when a policy maker is confronted with a recalcitrant organization with monopoly power, some relevant strategies may be:

--design the program to avoid the monopoly power of agencies (e.g., give people money instead of government supplied services)

--create competition

--buy off the organization

--create countervailing power

--coopt the organization early.

Organizational structure and the political system

Public agencies vary widely in formal structure and autonomy, interrelations, level of skills, and in their relations to the environment.

Formal and informal autonomy: Organizations that have a significant degree of autonomy, e.g., through statute, through the possession of scarce expertise, or through special ties to the legislature are in a strong position a) to implement their own policies and b) to resist those from outside. Extreme examples are the FBI and the Navy's nuclear propulsion organization (headed by Admiral Rickover).

Operating vs. non-operating functions: Operating agencies are those that produce goods and services (e.g., the Air Force, a local school system).

Non-operating agencies make policy and allocate money (e.g., HEW). The former have a much more strongly developed sense of central mission and much more control over relevant resources than the latter. This means that they are much more difficult to influence and they are likely to have more political weight. The latter can be "turned around" more easily, but they are inherently less effective because they are not in the output production business.

User oriented vs. non-user oriented organizations: User oriented organizations, other things being anywhere near equal, operate in something resembling an economic market. Indeed, because some of their income may be derived from user charges, they must pay attention to users. The latter, being more remote from users, and more likely to be producing collective goods, do not have to pay as much attention to users; they will pay more attention to other factors, e.g., central missions and professional standards.

The role of incentives

Individuals within public agencies respond, in varying degrees, to their immediate environment. Rewarded behavior is reinforced and non-rewarded behavior is weakened. In planning for implementation, a series of questions needs to be asked about incentives. These include:

--Will the decision reinforce or work against the organization's central mission?

--Will existing skills be utilized and strengthened or will entirely new skills have to be learned or acquired?

--Is the decision likely to be favorably or unfavorably regarded by important professional groups? By important parts of the external environment such as users?

--How will opportunities for promotion be affected? Job stability?

--Will individual and group status and autonomy be improved or worsened?

--Can something resembling a consensus be created?

The answers to these and other questions about incentives may not be obvious. Yet if they are not pursued, the odds of successful implementation will be sharply lowered.

Finally, it is important to recognize that these implementation factors are important not so much for predicting the outcome of policy decisions, but for designing policies and programs that will function better and for managing them better once authoritative decisions have been made.